

FY13 Southside Economic Development Summaries & Staff Recommendations – May 2013

The Commission received 10 applications for FY13 and carried-forward balances of Southside Economic Development grant funds by the deadline of March 15th. These pending requests are listed below, along with one project that was tabled in the previous round (Brunswick #2630). Balances available by jurisdiction are broken out on the following spreadsheet. Other Business is also included in the report, including grant extension requests and a tabled Education proposal that the Committee may choose to consider. The Committee will meet May 2nd at 1:00 in Roanoke to consider these proposals.

Req #	Local Allocation	Organization Name	Project Title	Allocation Available	Request Amount	Staff Recommendation
2696	<i>Appomattox County</i>	Appomattox County	Gateway Signage for Tourism & Economic Development	<i>\$88,870</i>	\$60,000 \$80,000	\$80,000
2630	<i>Brunswick County</i>	Brunswick County IDA	Route 58 East Water and Wastewater System Phase I Construction Project	<i>\$1,873,336</i>	\$1,600,000	0
2686		Town of Lawrenceville	Lawrenceville Wastewater Improvement Project		\$435,060	\$435,060
2688	<i>Cumberland County</i>	Cumberland IDA	Construction of "Road A"	<i>\$60,733</i>	\$60,733	\$60,733
2689	<i>Dinwiddie County</i>	Dinwiddie County	Dinwiddie County Site Acquisition/Site Readiness	<i>\$865,365</i>	\$525,828	\$525,828
2693	<i>Lunenburg County</i>	Lunenburg County	Lunenburg Industrial Site Readiness Initiative	<i>\$575,908</i>	\$103,500	\$103,500
2692		Lunenburg County	Renovation and Addition to STEPS Building in Victoria		\$90,000	\$90,000
2685	<i>Patrick County</i>	Patrick County EDA	Wood Manufacturer Expansion	<i>\$606,055</i>	\$300,000	\$172,000
2690	<i>Pittsylvania County</i>	Town of Gretna	Town of Gretna Industrial Park Gravity Sewer Completion Project	<i>\$2,673,838</i>	\$335,000	Table
2695		Pittsylvania County	Project Tire - Facility Construction		\$1,000,000	\$1,000,000
2691		Pittsylvania County	Pittsylvania County Career & Technical Center Precision Machine Technology Program		\$787,690	\$787,690
Total (11 requests)					\$5,317,811	\$3,254,811

APPOMATTOX

Appomattox County

Gateway Signage for Tourism & Economic Development (#2696)

\$60,000 requested – revised to \$80,000

Project description provided by applicant: The Appomattox County Board of Supervisors requests funding to develop and install signage as a component of the county's tourism industry and economic development. The signage will consist of new gateway entrance signs to replace weathered, outdated ones at the county lines. All of the signs will have a common look and color scheme to create a uniform appearance. Appomattox County boasts one of the nation's most historic locations. On April 9, 1865 the American Civil War ended when Confederate General Robert E. Lee surrendered to Union General Ulysses S. Grant. The current gateway signs are antiquated and have weathered poorly. April 2015 is the Sesquicentennial Anniversary of the Surrender at Appomattox Courthouse. This is a major anniversary in our local, state and American history. The look of the current signs borders on embarrassing. Thousands more visitors are expected to visit this historic Southside Virginia destination and the signs need replacing. Replacing these signs will give visitors a better impression of Appomattox, Southside Virginia and the Commonwealth. With the Sesquicentennial Anniversary about two years away, the opportunity to give a better impression is upon us. The County continues to preserve and promote this historic resource as about a quarter million visitors come yearly to explore the Appomattox Courthouse National Historical Park, the Appomattox Branch of the Museum of the Confederacy and surrounding attractions. This will reassure visitors that they are coming to a truly important, historic area and not a small time tourist trap.

Staff comments and recommendation: Staff notes that replacement of existing signs is arguably a maintenance responsibility of the local government, but also notes the County will be a major focus of Virginia tourism marketing efforts leading up to the Sesquicentennial of the Appomattox surrender in 2015. TICR staff suggests that a “way-finding” signage system designed to be placed along strategic roadways throughout the County is a significantly more effective method of directing visitors to specific tourism sites such as the Museum of the Confederacy that was built recently using TICR grants, and to the Courthouse national historic site. Staff has provided contacts to the County for vendors that design and install wayfinding systems such as those used in communities including Williamsburg, Richmond and many others. County staff has enlisted assistance from its PDC and has secured cost estimates based on a neighboring community. The revised project cost is \$101,000, and the County thereby asks that additional available allocation (a revised request for \$80,000) be approved for this project, which would be matched by a \$21,000 local commitment. **Staff recommends award of \$80,000.**

BRUNSWICK

Brunswick County IDA

Route 58 East Water and Wastewater System Phase I Construction Project (#2630)

\$1,600,000 requested

Project description provided by applicant: The site of the Dominion project and the surrounding area that has been targeted for economic development is located about four (4) miles from where the Lawrenceville water and sewer system terminates. The Town has committed to the water supply and wastewater disposal to support the Dominion project; but the County must construct the lines and other appurtenances. The water and wastewater utility extension will consist of a new 12 inch water main

approximately 19,075 feet in length with inline valves at a nominal spacing of 1000 feet and fire hydrants at a nominal spacing of 2000 feet. The wastewater utility extension will consist of a new wastewater pump station located adjacent to the Dominion site connecting a 10" force main approximately 18,985 feet in length with inline valves at a nominal spacing of 2000 feet. This system will be sufficient to deliver service to meet the Dominion requirements. The construction of the Dominion power plant in Brunswick County will bring much needed economic benefits to the county and region. The economic impact has been stated above which translates into new jobs in an area with an unemployment rate of over 11% for several years; the real estate tax revenue in Brunswick County will be doubled by the addition of the new power plant at a time when the county is experiencing great financial difficulty; neighboring counties will also benefit including from the number of construction workers needing to be accommodated.

Staff comments and recommendation: This request was tabled in previous SSED cycle to allow time for the County to solicit an independent assessment of the ability to fully debt finance this construction. Funds are requested to support construction costs for water system expansion including 19,075 linear feet of 12-inch water main; and wastewater system expansions with a new pump station and 18,985 linear feet of 10-inch sewer line. TICR grants to date include nearly \$1 million to acquire the DVP site and design water/sewer service, in addition to the \$30 million commitment to assist in upgrading the capacity of natural gas to the site. Dominion has agreed to a \$4 million connection fee for water service upgrades and \$750,000 for wastewater plant improvements to be paid to the Town of Lawrenceville to support expanded capacity at the treatment facilities. A total of \$4.75 million is committed by Dominion. Revenue distribution provides for 46% to Brunswick County IDA for the first 200,000 GPD based on the 1997 agreement with County that provided for 1,000,000 GPD capacity; with the Town receiving the balance for sales up to 200,000 GPD and 100% of sales that are in excess of the 200,000 GPD. The proposal states that the County will receive \$4.5 million of additional annual tax revenue when DVP is operating. A letter from the County's financial adviser states the County's ability to finance the proposed borrowing of \$3.5 million, which translates to annual debt service of \$260,000 over 20 years. TICR staff suggests those additional new tax revenues are sufficient to allow the County to debt finance the entire construction amount, which would presumably add only another \$150,000 to the annual debt service and retain the requested \$1.6 million of Southside allocation for future economic development projects. **Staff recommends no award.**

Town of Lawrenceville

Lawrenceville Wastewater Improvement Project (#2686)

\$435,060 requested

Project description provided by applicant: The Town of Lawrenceville's owns and operates a 1.2 MGD Wastewater Treatment Plant (WWTP) which serves the Town and surrounding areas. Data indicates the average daily flow is 0.693 MGD. Commitments to provide sewer service to the Town of Alberta, Meherrin River Regional Jail, Dominion Power, Brunswick County Industrial Development Authority (IDA), and Brunswick Waste Management will increase the flow to over 1.0 MGD. The Town's VPDES permit requires that expansion plans be initiated when the plant flow reaches 1.14 MGD. The Town needs to assure adequate reserve WWTP capacity to satisfy the area's new growth.

Additional wastewater flow commitments will increase the WWTP flow to 1.0 MGD. The Town's WWTP discharge permit requires expansion plans be initiated when flows reach 95% of the permitted plant capacity of 1.14 MGD.

Health, Sanitation and Security: Alberta is under a VDEQ Consent order and has had numerous permit violations. Alberta will consolidate with Lawrenceville WWTP, eliminating health and sanitation issues.

Growth: Town will serve Dominion Power, Meherrin Regional Jail, Town of Alberta, and Brunswick County IDA.

Regionalization: Town will serve as the central sewer system for developments in the US 58 East and I-85/US1 North areas.

The Town has anticipated growth in these areas and been proactive in developing adequate reserve capacity to market and promote area growth. A preliminary engineering design, completed in August 2012 by B&B Consultants, projects the cost breakdown of final design for the WWTP upgrade and expansion to 2.2 MGD.

Entities benefiting

1. Town of Lawrenceville residential/commercial/industrial customers, serving approximately 1207 persons
2. Town of Alberta residential/commercial/industrial customers, serving approximately 306 persons
3. Brunswick County IDA current and future customers,
4. Meherrin Regional Jail, operating since 2012, 80 jobs created; serving 480 employees and inmates
5. Dominion Power, new flow projected to begin in 2016, will create 630 jobs
6. Brunswick Waste Management

Staff comments and recommendation: This proposal requests final design/engineering funds, as estimated by the County's engineering consultant within a water/wastewater PER that was funded by SSED grant # 2314 (\$68,400 in FY11). There appears to be adequate evidence that the Dominion project will push the current plant to near-capacity, necessitating the requested design for the 1MGD expansion to serve Town and County users. Town staff has reported that discussions are underway for debt financing via other agencies, in addition to Dominion's commitment of \$750,000 as a connection fee to be used for plant expansion. **Staff recommends award of \$435,060.**

CUMBERLAND

Cumberland IDA

Construction of "Road A" (#2688)

\$60,733 requested

Project description provided by applicant: VaTICRC's past and present support is significant given Cumberland's lack of industrial land. One tenant has begun construction within the park and there is interest from a mid-size manufacturing facility. Previously-funded land acquisition, road widening, & wetlands permitting have enabled us to get into a position of a level playing field for marketing these sites to prospects. Construction of 'Road A' is essential to the development of the Park as the Site Plan approved for Ag-Renewable Resources (in May 2011) shows their permanent entrance connecting to Road A. Economic development prospects, with interests in Cumberland County, will often only seriously consider finished industrial land that is "development ready." Specific Parcels in Cumberland County are often overlooked in favor of land that is already development ready. Some Prospects are concerned about the lack of the necessary infrastructure and are hesitant about making commitments without knowing more about what provisions the IDA can bring. Just over a year ago, one "wholesaling" prospect from Richmond told our Engineer, while they were interested in a lot in our location they would not consider our site at this time without further infrastructure improvements. The combination of grant funds, local funds, and the Tobacco Commissions county Economic Development Allocation, Cumberland will have the precursor of development ready sites to deliver to industrial prospects to diversify the county's agriculturally heavy tax base. In addition, with this combination of funding, the County can finally be in a position to compete for industrial opportunities which currently do not consider our county a viable option due to the lengthy time delays and the costs of providing site feasibility and infrastructure. The construction of the "Road A" will be the key step that allows the County's Industrial Park to be development ready. This is a significant because this overall project, the growth of the County's Industrial Park, will diversify the rural tax base, adding jobs in a sector clearly lacking right now in Cumberland County -- only 105 manufacturing jobs county wide according to the Virginia Employment Commission (1st quarter, 2011)

Staff comments and recommendation: Two previous SSED grants totaling \$187,308 have assisted the County IDA in acquiring land for the Park and designing utilities to serve it. The second of those grants (#2309 - \$87,673 for wetland permitting and water supply planning) remains unused two years after its award. A Special Projects grant approved in September 2012 will contribute \$185,600 to this road project, and a condition of that award was that the County should request its Southside allocation to complete the project. Subsequently, TCR staff has asked the County to explore VDOT Access Road funds as a final funding solution to complete this project, which may negate the need for both this request and the previously approved Special Projects grant. The County has expressed reluctance to apply for VDOT funds due to a repayment requirement if no users are located in the Park within five years. Those funds require repayment in full if jobs and investment targets are not met within five years, which would place an additional financial obligation on this County with Above Average Fiscal Stress and a very small commercial and industrial base (100 existing manufacturing jobs). **Staff recommends award of \$60,733 contingent on the County applying for VDOT Access Road funds that, if received, will supplant the related Special Projects grant first, and this grant second.**

[DINWIDDIE](#)

Dinwiddie County

Dinwiddie County Site Acquisition/Site Readiness (#2689)

\$525,828 requested

Project description provided by applicant: This grant application seeks funds to acquire \$525,828 to purchase 25 acres for industrial development, and to pay for engineering and clearing costs associated with the first phase of preparing the site for the competitive market. Dinwiddie County is focused on creating marketable product, in order to attract and retain job-creating businesses. Such efforts have reaped marked success, with the county landing retail giant Amazon through the partnership of VTC grant funds. The county seeks to continue this sort of growth trajectory, by further developing "product", or site-ready land to maintain the County's competitiveness. The December 2011 announcement of the 1.1 million square foot Amazon Fulfillment Center was a positive end to years of preparation and infrastructure development. The current challenge for the County is to reposition itself to be responsive to and competitive for all new prospective development. The County currently owns 18 non-contiguous acres that are suitable for development. An additional 959.19 acres of privately held land is available in the County, however this land is at varying levels of site readiness, which severely impedes the County's ability to provide real-time, competitive responses for prospective industries. The proposed site would provide the County with a 25-acre parcel that is well situated in an existing industrial area of the County, adjacent to I-85 and 5.5 miles from I-95, all within access to a ready workforce that use each of these heavily traversed thoroughfares. The site would afford the County an opportunity to expand its site inventory to meet the needs of Rolls-Royce suppliers and other advanced manufacturing and logistics industry. The grant funds request would provide for acquisition and phase I site readiness, thus ultimately bringing the County closer to having marketable/ready product for a prospective company. As of December 2012, the unemployment rate in Dinwiddie County was 6.2 percent. While the county has a varied mix of manufacturing, distribution and agriculture companies in its borders, Dinwiddie needs additional industry presence to ensure that its residents, who now largely out-commuters, will have job opportunities today and in the future. As it stands, children of Dinwiddie families will likely relocate from the county upon graduation, as a means to find local work that provides a living wage. Developing the proposed acreage will continue to build on Dinwiddie's strategy to position the county for continued industry growth.

Staff comments and recommendation: The County has a draft purchase agreement to buy the land for approximately \$18,000/acre from the current owner, the Commonwealth of Virginia. The County provided

an appraisal of the property that confirms the market value as \$18,000/acre as requested herein (the contract purchase price is \$450,000, well below the \$525,000 list price), which is a reflection of its location immediately adjacent to the interchange of Interstate 85 and US Route 1. The land is ungraded but generally quite flat, road- and utility-served and zoned for industrial development. The County has provided this supplemental information regarding site attributes, targeted uses and potential outcomes: "The current 25 acre site is capable of yielding a facility ranging in size from 200,000 to 300,000 SF dependent upon building and site configuration. Given its close proximity to the I-85, I-95 and US 460 transportation corridor, it is anticipated that this facility could accommodate a logistics/distribution facility or an advanced manufacturing facility. Based upon recent prospect activity and project announcements, a logistics/distribution facility could yield an investment of \$20-40 million and employment in the range of 100-200 jobs, and an advanced manufacturing facility (dependent upon product) could yield an investment of \$30-160 million for advanced manufacturing (dependent upon product) and employment ranging from 50-300 jobs." **Staff recommends award of \$525,828.**

LUNENBURG

Lunenburg County

Renovation and Addition to STEPS Building in Victoria (#2692)

\$90,000 requested

Project description provided by applicant: This building occupied by STEPS, Inc. is owned by the Lunenburg County IDA. STEPS currently has its entire sewing operation including all federal contracts at this location. STEPS employs approximately 140 hourly employees and 10 management and administration at this location. The building was constructed in the 1960's and renovated in 1998 and 2008. Due to the need for bathroom facilities specifically for the 43% of employees with disabilities, an addition including the proper facilities needs to be constructed. Additionally, roofing repair needs to be completed in several specific areas. Due to the growth of the STEPS sewing operation, the corporate decision was made to put all of that operation in the Victoria location to increase efficiency. The additional workforce at this facility has had a detrimental effect on the already older parts of the building. In both renovations, 1998 and 2008, the bathrooms for the manufacturing area of the building were not included in the work. Since 2008, several major repairs have been made to the existing bathrooms in layout, new piping and new fixtures. In short, this is an ongoing problem that needs a final resolution-new construction. In constructing the bathroom addition, we will provide better facilities for all of the employees of STEPS. Additionally, the space vacated within the existing floor plan can be renovated for other uses associated with manufacturing. The placement of this addition adjoining the existing north wall also serves two purposes-1.to cover an access to the basement area of the facility which currently creates a continual water problem and 2. to begin the phased process of adding more manufacturing space to this building. While roofing work is taking place on the addition, inspection and repair to the existing roof can be completed. STEPS serves a very important role in Lunenburg and the region. Employees, with disabilities and not, come from 5 adjoining counties. STEPS offers job training, job opportunities and a level of independence that would not be available to many of the employees if STEPS did not exist. Because STEPS' main contract is with the Federal Government and there have been major changes recently in that process, we need to do what we can in a phased, economical way to meet the needs of these employees now and prepare for the growth of this operation in the future.

Staff comments and recommendation: STEPS is one of the largest private employers in Lunenburg, and while no additional job creation is indicated in this request, the property is owned by the County IDA and will ensure a better work environment for STEPS employees and enable possible future expansion. **Staff recommends award of \$90,000.**

Lunenburg County

Lunenburg Industrial Site Readiness Initiative (#2693)

\$103,500 requested

Project description provided by applicant: Through the Virginia Growth Alliance, Lunenburg County had its industrial sites ranked for preparedness for potential prospects. Currently, the Lunenburg Commercentre' in Kenbridge and the Lunenburg-Victoria Industrial Park have been ranked as Tier 2-3 on a 5 point scale by the consultant for VGA, the Timmons Group. In order to secure an industrial prospect efficiently, several significant preliminary reports need to be completed for each site. The possible studies include topographic/subdivision survey, Phase 1 Environmental, Threatened & Endangered, Preliminary Geotechnical, and Wetland Delineation. Completion of the studies will enable a new competitive edge for the Lunenburg sites. Lunenburg County does not have many economic development assets enjoyed by our neighbors such as interstates/4 lane highways. Additionally, Lunenburg depends on a regional workforce for industrial prospects of any size. As such, any advantages that can be gained for securing a prospect should be researched and completed for the good of the region. Completing the necessary studies accomplishes several goals: 1) Being prepared for a prospect with an aggressive schedule; 2) Sending a message of being open for business to industries and site consultants alike; and 3) Erasing questions that currently exist regarding site development. Currently, many industrial prospects use site consultants to research possible locations for development or expansion. Site consultants look for key elements regarding every site to determine its worthiness to any project; a subdivision survey would help visualize a facility on a parcel, a topographic survey will aid in determining sitework costs, a Phase I ESA is required by most financiers, a T & E is required prior to construction of any roads, a Preliminary Geotechnical can help predict soil suitability and construction type, and Wetland Delineation determines parcel boundaries and uses. Lunenburg Industrial Sites offer great possibilities to the community and region for industrial or commercial facility location. Having the answers to questions that were previously unavailable, Lunenburg will be more able to aggressively market its sites and seek prospects for new industry. With these studies complete, the Virginia Economic Development Partnership as well as the Virginia Growth Alliance can be assured that the information about Lunenburg's sites is complete and up-to-date; thereby, creating more confident marketing and visitation to each site. With additional traffic to the area, statistically, the possibility of an industry location in the community becomes reality quicker.

Staff comments and recommendation: This request is a direct result of a coordinated regional process to assess readiness of sites across the VA Growth Alliance member communities, and would better position these locally-owned sites for fast-track development by industrial prospects. In addition, a portion of the request would accomplish minor clearing and grading of a roadbed and building site on the Victoria property. While no specific outcomes are known at this time, the County staff estimates that, based on recent industrial prospects that have contacted the County, each site might attract a project involving 20-25 jobs and \$1.5-2 million of private capital investment. **Staff recommends award of \$103,500.**

PATRICK

Patrick County Economic Development Authority (#2685)

Wood Manufacturer Expansion

\$300,000 requested

Project description provided by applicant: This is a manufacturing industry dealing primarily with wood products using advanced production methods and new and adverse applications. The project will address high unemployment rates, future tax revenues from private sector and populating a portion of our main

industrial park. The project will address all three critical needs. The proposed project would supply jobs to three (3) neighboring counties as well as Patrick County. The project outlook and Business Plan call for significant future investment and job creation within the region.

Staff comments and recommendation: The County EDA applied for an \$800,000 TROF grant for this confidential project, and based on the then-known employment and investment parameters it generated a \$375,000 TROF offer. The County now states that an additional 35 new jobs would be created, which would generate an additional \$128,000 from TROF, bringing that grant to a total of \$503,000, and reducing the need for SSED funds to a \$172,000 to reach the total TICR incentive currently being requested to \$675,000. **Staff recommends transfer of \$172,000 from SSED allocation for Patrick County to be added to the revised TROF offer, subject to the entire amount of \$675,000 being included in performance and clawback requirements.**

PITTSYLVANIA

Town of Gretna

Town of Gretna Industrial Park Gravity Sewer Completion Project (#2690)

\$335,000 requested

Project description provided by applicant: This project will complete the gravity sewer through the Gretna Industrial Park (G.I.P) and connect to the existing sewer system which serves the developing industrial, medical & commercial district at the southeast corner of the Gretna US 29 bypass interchange. This project will allow an existing unreliable 30 year old pumping station to be abandoned and provide service to the existing customers and new Centra Health facility from a new recently constructed pumping station in the industrial park. Funding will be used for A/E services and gravity sewer construction. The current gravity sanitary sewer extends only partially into the G.I.P. and will not serve some of the northern parcels should an industry choose to locate on one of these sites. The overall plan is for the extension of the G.I.P. sewer to extend just north of the Park to connect to the existing Industrial Drive pump station. The 30-year old Industrial Drive pump station is approaching the end of its service life and with a significant forthcoming medical facility upstream of the station, it is not considered adequate for future needs. Construction of the 3100 l.f. of gravity sanitary sewer from current termination of the Gretna Industrial Park on-site gravity sewer to the existing Industrial Drive pump station would connect the two sanitary systems. Once connected, the Industrial Drive pump station would be abandoned and all sanitary flows would be transmitted downstream through the G.I.P. gravity sewer and then pumped through the new recently constructed G.I.P. pump station. With the connection of the two systems & abandonment of the Industrial Drive pump station, the Town would be able to market nearly all of the G.I.P. as having gravity sanitary sewer. With the gravity sewer already installed, prospective industries would not have to wait for a completed site as the major utilities would already be available. The abandonment of the Industrial Drive pump station and connection of the interchange service area will provide a reliable sanitary service. The increased reliability will allow for future medical facility improvements/expansion and commercial development at the interchange area.

Staff comments and recommendation: Previous grants to establish the Gretna Park total nearly \$4.3 million for land and utilities. The requested funds would serve existing and proposed industry (e.g. the proposed Piedmont Bioproducts facility) but will also serve adjacent commercial and institutional users such as an existing hotel and the proposed Centra healthcare facility. TICR staff has therefore requested a cash flow analysis that would show additional sewer revenues from the new commercial users and the opportunity to provide some level of debt financing and/or grants from other sewer funding agencies. The applicant is agreeable to this request being tabled to allow due diligence on debt financing options. **Staff recommends request be tabled.**

Pittsylvania County

Project Tire - Facility Construction (#2695)

\$1,000,000 requested

Project description provided by applicant: Pittsylvania County, in conjunction with the City of Danville, is working with a recycling company that wishes to locate to the region. The County is seeking funds to construct a 40,000 - 45,000 square foot building to house this company on a 20-acre site located in Cane Creek Center. Project Tire will result in the creation of 111 jobs and a capital investment of \$16,298,000 within a thirty-six month period. Pittsylvania County is in competition with the states of New Jersey and Georgia for this project. Due to impacts of globalization, the textile and tobacco industries suffered significant job loss in the Danville-Pittsylvania County region. This resulted in unemployment rates that are persistently above the state and national averages. Job loss has also impacted the commercial sector, with a number of retail establishments downsizing or closing. With some jobs being replaced by lower-paying positions, there is a high rate of underemployment and a higher number of residents commuting outside the region for work. Pittsylvania County and the City of Danville are in pursuit of companies that will provide job creation and impact capital growth. The construction of the proposed 40,000 - 45,000 square foot building will provide housing for a recycling company wishing to locate to the Cane Creek Center in Pittsylvania County. This company will create 111 jobs and provide an initial capital investment of \$16,298,000. Project Tire will result in the creation of 111 jobs with an average wage of \$38,000 as well as result in a capital investment of \$16,298,000 within a thirty-six month period. Additionally, the company will promote green technologies through recycling. This project will reduce unemployment and underemployment, increase per capita income, and diversify the economy as well as expand the tax base for Pittsylvania County and the City of Danville.

Staff comments and recommendation: The proposed building is estimated to cost \$2.7 million to construct. The City of Danville has offered \$461,000 of incentives toward the building cost, and federal New Market Tax Credits of more than \$1.2 million are being sought for the balance of the cost. The building will be publicly-owned for ten years, at which point the company will have the option to purchase the building and land at nominal cost (details of the incentive package remain confidential). A TROF application is being prepared for the project. The City and County will share revenues from this private investment, that leverages TICR funds by more than 16 to one. **Staff recommends award of \$1,000,000 contingent on the localities securing Project Tire and receiving commitments for the balance of construction costs.**

Pittsylvania County

Pittsylvania County Career & Technical Center Precision Machine Technology Program (#2691)

\$787,690 requested

Project description provided by applicant: This proposed project involves the purchase of advanced machinery and tools to equip and operate a Precision Machining Technology program at the Pittsylvania County Career and Technical Center. This facility, operated by the Pittsylvania County School System, will serve as the beginning of a skilled workforce development pipeline that can be continued at the Community College level. Pittsylvania County recognizes the need to keep our youth in the region by helping them obtain highly marketable skills that are required in the field of Advanced Manufacturing. This unique program is not part of a standard mandated school curriculum. A recent study completed for the Tobacco Commission by the Boston Consulting Group, entitled Developing an Advanced Manufacturing Workforce

for Virginia's Tobacco Region, points out that there is a significant skills gap in our area in the category of medium-skilled workers. A large portion of this labor gap is composed of precision machinists. Our area of the State has historically depended on lower skilled workers in traditional manufacturing. In order to thrive and prosper, our region needs to be able to attract and accommodate Advanced Manufacturing, and we need a skilled workforce to meet this goal. As the Tobacco Commission's study points out, the K-12 educational system is the start of the workforce pipeline and there is a need to improve the image of careers in Advanced Manufacturing. This proposed project will create one of the premier career and technical education facilities for machining technology in the entire nation. Students who start in this program will be able to flow through the workforce pipeline to Danville Community College (DCC), the top college level program in the Commonwealth, with 48 dual credit hours. Together, we can have the workforce to attract companies from around the world. This proposed project has both short and long-term benefits to the community and the region. The youth of our area need good paying jobs that are in demand in the employment market. This program builds a machining foundation that can be completed at the Community College level in one year's time. The placement rate for this field is over 90%. We feel that having an established precision machining workforce training program, especially a premier level program that would gain national attention, will help us attract new industries and set us apart in economic development.

Staff comments and recommendation: This request is the first in Southside to assist a local public school district vocational center, and could be seen as a signal to other local school districts that TICR funding is an option. In this case the project aligns with the Commission's Education outcome of providing training that results in college credit for students, putting them on a pathway to a college credential and employment in careers that are in current demand from existing employers and are identified in the Boston Consulting report as an area of shortage that must be addressed to attract additional advanced manufacturers. It should be noted that other foundational (entry-level) training requests for advanced manufacturing equipment and programs were recently tabled in the Education program. As opposed to seeking TICR's "competitive" Education funds for this project, the County has asked that SSSED allocation be used so that students can begin training in August 2012. The project is well-supported by Danville Community College, which is donating equipment to the Center, and which views this as building a pipeline of students to enroll in and complete credential-granting programs on the DCC campus. **Staff recommends award of \$787,690.**

OTHER BUSINESS

The Committee Chairman will entertain a motion to consider this tabled Education proposal for funding from the Halifax Southside Economic Development allocation, which has a current available balance of \$641,098.

Southern Virginia Higher Education Center

Workforce Training: Welding in Halifax County (#2672)

\$175,000 requested

Project description provided by applicant: This project will bring workforce training in welding to Halifax County, where none is currently available. Funds will be used to 1) modify existing space at the Southern Virginia Higher Education Center (SVHEC) to house the newly-developed workforce training welding program and 2) to provide tuition assistance to students. The project will also leverage existing resources in the form of infrastructure and equipment, allowing the SVHEC to meet the increasing regional demand for technical training services, especially welding, and make National Center for Construction Education and Research (NCCER) standardized training programs available in Halifax County, Virginia. The US welding workforce currently numbers 500,000. Demand for welders is projected to grow over the next decade. More than 50% of U.S. industries report difficulties locating qualified welders; this shortage is expected to worsen as researchers estimate that for every two welders retiring, only one is entering the

workforce. In the Tobacco region, more than 1,400 people are employed in welding-related jobs. The need for welders is strong due to growth in industries such as construction, energy production, and manufacturing. Currently, Halifax County residents must drive 45 minutes or further to access welding training, a deterrent especially for working adults. The Welding Training program will provide a range of training options in Halifax County, from the 18 month modular program leading to NCCER certification, to customized short-term trainings for industry. Classes will be held in the 6-bay lab to be installed adjacent to the Advanced Machining Center and will be scheduled in the evenings and on weekends so as to accommodate working adults. Should the modular welding training program expand to a larger facility in the future, the 6-bay lab will continue to be used to meet industry needs for short-term customized training and for overflow from the modular program. The inaugural cohort of 12 students could complete the Welding Training program within 18 months, preparing them to take NCCER and American Welding Society certification exams. With a new cohort entering each year, we anticipate that at least 50 students will complete the Welding Training program within 6 years of the program start date and become employed in the Southern Virginia region. In addition, we anticipate 10-15 regional incumbent workers will utilize the 6-bay welding lab for customized skills training annually and as interest warrants, the SVHEC will enter into agreements with other education providers to use this space.

Staff comments and recommendation: The applicant initially alerted TICR staff that it intended to apply for SSED funds to establish this welding training facility in existing unfinished space at the Higher Education Center. TICR staff advised the applicant that the project appeared to align with Education program objectives and that Committee's stated focus on advanced manufacturing career training. At the April 10th meeting of the Education Committee this project and all others targeting advanced manufacturing career training were tabled until a future funding round. Much like the Pittsylvania Career & Technical Center proposal discussed above, this request seeks to respond to the Boston Consulting Group report to the Commission, and to use available Economic Development allocation to fund equipment and building improvements to establish the training programs. While cohort size is modest and funds are also requested for scholarships for the initial cohort (\$20,886), the facility will be the initial offering of NCCER curriculum and nationally-recognized AWS certification in Halifax. Letters of support are provided from five Halifax companies that employ welders and anticipate additional hiring in the near future. **Should the Committee move to consider this request, Staff recommends award of \$154,114 for capital equipment and improvements (deleting the requested scholarship funds).**

The following three current grantees seek approval of an extension to continue using grant funds in a fifth year since date of approval:

Dinwiddie County

Planned Warehouse & Logistics Park with Intermodal Facility (#1791)

Requesting extension for fifth year

The subject grant was awarded by the SSED Committee in April 2009 for \$800,000 for contractual services including a site survey, Phase 1 environmental, market study, and engineering study to determine the necessary infrastructure improvements to create the park on a 665 acre property.

Staff comments and recommendation: Engineering work has been ongoing to assess the site's development costs. The original application states that other intermodal facility/warehouse and logistics parks of a similar size have yielded private investments of \$400- \$600 million and 6,000-8,000 new jobs with starting wages averaging \$14 per hour (e.g. Virginia Inland Port). **Staff recommends approval of fifth year extension.**

Mecklenburg IDA
Kinderton Technology Campus (#1779)
Requesting extension for fifth year

The subject grant was awarded by the SSED Committee in April 2009 for \$3,523.344 to acquire and develop 117 acres of land near Clarksville for the purpose of developing the Kinderton Technology Campus. The site will be marketed for data center projects. A fourth year extension was approved administratively, per Commission policy, to allow contracted work to continue through April 2013. The County IDA now seeks approval of a fifth year to complete work for Phase 2 Pump Station and Gravity Sewer System Upgrade.

Staff comments and recommendation: Sitework has been completed to clear and grade sites, and favorable bids have been received for this final phase of sewer upgrades to serve the park. The IDA's engineer estimates a 210 day construction period. **Staff recommends approval of fifth year extension contingent on the construction contract being signed by the County no later than June 1st.**

Roanoke River Rails to Trails Inc.
Tobacco Heritage Trail- NF&D Segment I (#1780)
Requesting extension for fifth year

The subject grant was awarded by the SSED Committee to this nonprofit applicant in April 2009 for \$159,471 from the Mecklenburg allocation for design and construction of a segment of the Tobacco Heritage Trail located near the Town of Boydton in Mecklenburg County. Funds would be used for final design of 6 miles and construction of approximately 2.3 miles of the trail.

Staff comments and recommendation: VDOT's TEA-21 program has awarded construction funds and final engineering is being prepared to allow the construction to be bid. **The project leaders report that the engineer has plans complete and is working on design waivers, as requested by VDOT. The plans and waivers will then be submitted too VDOT for approval to advertise for bids. The trail will be constructed by VDOT funds, with bid opening this fall or sooner. The project should be completed by April 2014. Staff recommends approval of fifth year extension.**

The following current grantee seeks approval for relief from a condition attached to its grant award:

Saint Paul's College
Restoration, Repair & Renovation of Educational Buildings... (#2534)
Permission to begin using grant funds relative to condition of award

The subject grant was awarded by the SSED Committee in May 2012 for \$310,000 for renovations to St. Paul's science building (Brown Hall), contingent on dollar-for-dollar match and SACS reaccreditation. SACS subsequently denied the reaccreditation, but St. Paul's has since affiliated with St. Augustine's University of Raleigh NC and is operating this school year under St Aug's SACS accreditation. St. Paul's now requests permission to use \$155,000 (50% of the grant amount), to be matched by an equal amount from federal Department of Education Title III funds, for renovations to Brown Hall.

Staff comments and recommendation: No funds have been released for this project to date, pending the resolution of St. Paul's reaccreditation, which was denied by SACS last June, and the subsequent efforts to operate under St. Augustine's accreditation. According to a press release issued by St. Augustine's on November 21, 2012, St. Paul's is operating this semester under the terms of a joint management agreement

“that will allow St. Augustine’s to complete its due diligence on the proposed acquisition ... A plan is being developed that will create a campus of St. Augustine’s at the St. Paul’s site.” TICR staff has requested a construction budget and copies of agreements with St. Augustine’s to assume operational control of St. Paul’s. Until such time as the long-term operational plan for St. Paul’s can be adequately defined, and plans for science offerings and enrollment can be better ascertained, **Staff recommends this request be tabled.**

The following grantee seeks approval of a change of ownership for facilities funded by TICR grants:

Halifax Regional Health System Inc. & Clarksville Senior Care LLC
Meadowview Terrace 30-Bed Expansion Project (#1778 FY09 \$250,000)
Halifax Regional Dental Clinic (#2456 FY12 \$400,000)
Request for approval of change of ownership

The two subject grants were awarded to HRHS and its related nonprofit entity Clarksville Senior Care LLC to expand a senior care facility in Clarksville (#1778) and to establish a dental clinic in South Boston (#2456). HRHS has signed a letter of intent to merge with Sentara Healthcare, a Norfolk-based 501c3 multi-hospital healthcare system, which will constitute a “membership substitution” wherein Sentara will be the sole member of HRHS and assume operation of the facilities and all assets and contractual obligations, including the grant-related performance agreements. An Affiliation Agreement was approved by the Attorney General on April 22nd and the closing of the transaction is scheduled to occur July 1st. HRHS requests written Commission approval of the change of ownership.

Staff comments and recommendation: All grant funds have been used as approved, and the grantee has complied with all performance requirements as specified in the grant agreements. HRHS reports that no change of use of TICR funds will occur, and the subject facilities funded by the grants will remain in place and operational in the tobacco localities. **Staff recommends approval of the change of ownership as requested.**